GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:5185
ANSWERED ON:28.08.2001
SUPPLY OF COAL TO POWER PLANTS
AMBATI BRAHMANAIAH

Will the Minister of COAL be pleased to state:

(a) the criteria and conditions for the supply of coal to power plants;

(b) whether the Government have asked purchasers of coal from the power plants sector to deposit one month's deposit equivalent to one month's purchase of coal;

(c) if so, whether the power plants refuse to deposit any money as advance;

(d) if so, the reasons therefor;

(e) whether the Government propose to induce discipline and change the system of giving huge credit to power plants, both in the private and public sector; and

(f) if so, the steps proposed to be taken to save the public money in this regard?

Answer

THE MINISTER OF STATE FOR COAL (SHRI SYED SHAHNAWAZ HUSSAIN)

(a) Coal supplies to power plants are made as per long- term linkages accorded by the Standing Linkage Committee(Long-Term) or in terms of Coal Supply Agreements (CSAs).Quarterly allocations of coal are made by the SLC(Short-Term),which is an inter-ministerial body functioning in the Ministry of Coal. Such quarterly allocations are made in consultation with the coal producing companies, the power utility, Central Electricity Authority and the Railways.

(b) Power plants have been asked by the concerned coal producing companies to deliver an Irrevocable Revolving Letter of Credit (IRLC) or advance payment equal to the value of 10 days coal supplies.

(c)&(d) Most of the power plants/power utilities have not deposited any IRLC or advance money due to their own financial problems.

(e)&(f): Coal companies have been negotiating CSAswith State Electricity Boards/power utilities to ensure payment and to bring financial discipline.